



Division of Insurance

Public Adjusters and Contractors – What to Know Before Signing a Contract

Soon after a disaster, homeowners begin working through their insurance claims and moving on to the task of rebuilding. Typically, insurance companies provide trained, professional adjusters to help homeowners navigate the claim process. In some cases, homeowners may choose to work with a public adjuster. When it comes time to make repairs or rebuild, homeowners will often work with contractors.

As with any services, consumers can conduct research regarding individuals or companies, and need to be sure of who they are working with. Consumers should be skeptical of door-to-door solicitations because unfortunately, there are individuals who prey on disaster victims. This holds true of charities as well. Before donating to help your fellow citizens, make sure the charity is legitimate by checking with the Secretary of State's office (www.sos.state.co.us / 303-894-2200) or the Better Business Bureau (www.bbb.org).

Public Adjusters

- A public adjuster does not represent an insurance company, but works on behalf of a consumer to negotiate the insurance claim, and receives a commission based on the final claim payment (typically around 10%). A public adjuster manages all claim details, from clean-up to rebuild, hiring reputable contractors, and handling required paperwork.
- While public adjusters can provide a valuable service, they are not required. Don't be pressured into signing a contract.
- Historically, public adjusters have been used when claims involved commercial properties. For residences, public adjusters are often used when claims involve higher value homes, when claims are more complex (multiple buildings, homes, owners, etc.), or when such claims involve significant amounts of damage, for example a total loss, rather than a partial loss. While each situation is different, if your claim doesn't fit these scenarios, you may not need a public adjuster to handle it.
- Contact the Colorado Division of Insurance to verify that a public adjuster is licensed – 303-894-7499 / 1-800-930-3745.
- Meet with more than one public adjuster and allow yourself time to check references.
- Find out where the public adjuster lives permanently. It's usually easier to check references for local adjusters.
- Read any contract carefully. **DO NOT SIGN** without understanding and agreeing to its terms, including any costs, deposits, percentage of claim, penalties and timing of the contract.

- If you do contract with a public adjuster, immediately give your insurance company the name of the adjuster. From that time on, the insurance company will work with the public adjuster instead of directly with you.

Contractors

- You have choices in the contractors you use. Neither the insurance company nor a public adjuster can require the use of specific contractors.
- Talk to more than one contractor and allow time to check local references. If possible, get at least three written estimates / bids. Don't be pressured into signing a contract.
- Use resident (versus out-of-state) contractors when possible, making it easier to check references.
- Conduct research on the contractor through the Secretary of State (www.sos.state.co.us / 303-894-2200) and the Better Business Bureau (www.bbb.org). Are there any complaints against individuals or companies you are considering?
- Some specific types of contractors for services are regulated by the DORA Division of Professions and Occupations (www.dora.colorado.gov – scroll down to the “Division of Professions and Occupations” and click on “More Info.”). There you can verify the licenses for architects, electricians, plumbers, engineers, land surveyors and landscape architects.
- For other types of contractors, many cities or counties require them to be licensed, so check with your local authorities.
- Read any contract carefully. DO NOT SIGN without understanding and agreeing to its terms, including any costs, deposits, percentage of claim, penalties and timing of the contract.

For questions about insurance and the claims process, contact the Colorado Division of Insurance at **303-894-7490 / 1-800-930-3745** (outside of Denver) or visit **www.dora.colorado.gov/insurancecomplaints**.

*The **Colorado Division of Insurance** regulates the insurance industry and assists consumers and other stakeholders with insurance issues.*

*The **Department of Regulatory Agencies (DORA)** is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado.*

Consumer Protection is Our Mission.